

**Cabinet/Full Council**

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# Report

**Subject:** Office Project

**Report to:** Special Cabinet and Special Full Council

**Date:** 23 July 2007 at 6pm and 25 July 2007 at 6pm

**Author:** David Crook

**Cabinet Member:** The Leader, Councillor Paul Sample

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## 1. Purpose of Report:

1.1. To reach a decision on the cancellation, modification or proceeding with the original plan for the proposed Council offices at Bourne Hill.

## 2. Background:

2.1 At a meeting held on 31 May 2007, Cabinet considered a report from officers on whether it should proceed with or cancel the proposed offices. Cabinet resolved:

- to note the Officers' report
- to also note the comments made by the public at this meeting, and paper and questions presented by Mr Brain, Mr Rothwell, Mr Grant, Mrs Morton and Councillor English
- the Cabinet is mindful of the outcome of recent elections and the clearly expressed wishes of the electorate on the Bourne Hill project
- to note the ongoing consultation and the expected decision by the Government on the provision of local Government in South Wiltshire
- there are a large number of criticisms of the business case and the options presented in the papers before Cabinet
- the Cabinet believe that the demolition of the old Victorian building should be completed and that the debris and earth moving equipment should be removed at the earliest opportunity



Awarded in:  
Housing Services  
Waste and Recycling Services



- to instruct the Officers to suspend all construction work and inform the contractor accordingly
- to instruct the Chief Executive in conjunction with the Leader, Deputy Leader and relevant portfolio holders to seek independent advice on the options available to fulfill the wishes expressed by the electorate while mitigating costs against the Council
- to instruct the Chief Executive to provide suitable independent advice to inform the process and provide assistance to the Cabinet
- once final advice has been received, the officers shall consult with local residents, community associations, county, parish and town councils and others on the desirability of the options available.
- to note in view of the above decisions, there is consequently no need for a Special Council meeting in June.

2.2 Members will recall from the progress report to the Council meeting on 25 June 2007 that:

- The position (at the time of writing) in respect of Local Government Reorganisation remains unclear.
- Work on the construction phase of the contract has been suspended.
- Independent advice has been sought on the legal and financial aspects of the contract.
- Views of the public have been invited.

2.3 The remainder of this report describes the latest position and seeks a decision from members.

### **3. Independent Advice**

3.1 The specialists appointed to give legal advice were Piers Stansfield of Keating Chambers (winners of Construction Chamber of the Year 2006) and Butlers (one of the largest Treasury Management specialists in the country).

3.2 The advice from Keatings and a summary of the advice from Butlers is set out at **Appendices A and B** to this report. The advice confirms the position reported to Cabinet by officers;

- A legally binding contractual position exists with Bluestone, the contractors appointed to renovate Bourne House and build the new extension.
- The costs of cancelling the contract would fall on the revenue account and are in the region of £1.5m in addition to some £4.5m of sunk costs.

3.3 Butlers report explored the issue of special dispensation from central government to capitalise the abortive costs arising from cancellation. An approach was made by officers to central government to ascertain the likely reaction should such an application be made. The result is set out at **Appendix C** to this report.

3.4 Although the response is to a hypothetical question and cannot therefore be regarded as definitive, it would clearly be unwise to proceed in the belief that agreement to capitalisation is likely to be forthcoming.

3.5 Further reference to the advice from the independent experts is made in later sections of this report.

### **4. Views of the Public**

4.1 The views of the public were sought via a leaflet delivered to every household, over the period 2 July until midnight on 16 July (in view of the postal strike any responses received in the morning post 17 July will be included)

4.2 A summary of responses will be made available to members before 19 July.

## 5. Options

5.1 Set out below is more information on the options available to members. Officers have incorporated the advice from independent experts. The advantages and disadvantages of each option area expressed purely in terms of property management (including customer service and compliance with the Disability Discrimination Act (DDA)) and finance, although members will doubtless wish to consider the wider aspects.

5.2 A detailed financial analysis of each option is set out at **Appendix D**. Simplified versions of this analysis are set out for each of the options concentrating on the impact on the revenue account, which is the crucial issue in terms of the Council's financial sustainability. A copy of a risk matrix associated with the options in this report is shown at **Appendix F**.

### 5.3 Cancellation of the Project

5.3.1 Consultation with independent experts and central government has strengthened officer views that cancellation would result in a huge charge to the revenue account, in the order **£6m**. Butler's advice is that this sum would need to be repaid within one financial year.

5.3.2 With reserves of some £1.5m and net annual expenditure of around £13m it can clearly be seen that such a position is not manageable.

5.3.3 Central government has indicated strongly that it would not permit capitalisation of the abortive costs.

5.3.4 This option would leave the Council with its existing poor access to customers, buildings that are not DDA compliant and a Grade II\* listed building in peril.

### 5.4 Modification of the Project

5.4.1 Keating's advice is that we could technically use the terms of the contract to reduce the scale of the proposed extension. Officers believe that if this option is pursued we would not necessarily incur abortive costs for the cancellation of the contract. However compensation would be payable for any works omitted and non market rates would be applied for varied works. Furthermore, costs already incurred for design etc would continue to be charged to capital and the threat to the revenue account is therefore much reduced.

5.4.2 This is not, however, a risk-free option. The modified scheme would have to proceed under the existing planning consent and listed building consent, which we would seek to revise as work progresses. There is clearly a risk of the failure of this process and indeed the listed building consent potentially exposes the Council and/or its advisers and contractors to criminal liability. The alternative would be to first seek fresh planning and listed building consents but the delay involved would effectively allow the contractor to invoke the cancellation clause and claim damages.

5.4.3 Furthermore, this is not the only problem associated with a modified scheme. Dependent on the size of the new extension, a considerable number of staff would need accommodation on other sites. It is suggested that the maximum number of staff who could be accommodated in decent accommodation off site is effectively dictated by the retention of the best of the council's existing stock ie:

Wyndham Road (50 staff)  
Pennyfarthing House (50 staff)  
Depot (50 staff)  
**TOTAL 150 STAFF**

5.4.4 Sketch plans of the layout of the extension are shown at **Appendix E**. A number of treatments are shown all of which assume a reduction in that part of the extension proposed to be built over the walled garden.

5.4.5 Three options are shown

1. With no intrusion on the walled garden.
2. With one extra bay beyond this point.
3. With two extra bays beyond this point.

Members should note that an extra staircase would be needed for Options 2 or 3.

5.4.6 In terms of the accommodation requirements set out in para 5.4.3, the options would require off site accommodation for the following numbers of staff depending upon final spatial layouts and meeting room locations.

1. 160 staff
2. 115 staff
3. 70 staff

5.4.7 In terms of construction costs, although there would be a gross reduction of £500k for each bay cancelled, there would be counterbalancing costs for design, delay and extras. The design team advises that savings would be negligible. Furthermore, added costs would be incurred to make off site offices DDA compliant.

5.4.8 However, there would be an impact on the revenue account in that the more staff accommodated, the more surplus buildings can be disposed of, and this generates a capital receipt, reduces the cost of future maintenance and increases efficiency savings.

5.4.9 If the assumption is made as follows:

- Option one - retention of three off site offices
- Option two - retention of three off site offices
- Option three - retention of two off site offices

Then the impact on the revenue account of each option is as follows:

- Option one - £711,000 pa
- Option two - £747,000 pa
- Option three - £699,000 pa

Note there is a loss of efficiency with option 2 as the first bay would largely be a service bay.

5.4.10 The option of redesigning the extension has been explored. Although this could be described as a “modification” in the legal sense, the delay involved would effectively allow the contractor to invoke the cancellation clause and claim damages. The overall impact on the revenue account would be £906,000 per annum. In addition a one-off charge to revenue reserves of approximately £2.3m would need to be made this would need to be repaid in one year. The financial analysis shows the estimated costs of redesigning the extension.

## 5.5 Proceed with the Existing Project

5.5.1 It is still the case that the ability to sell our assets and maximise maintenance and efficiency savings means that this option could have a **neutral impact** on the revenue account. All staff would also be located on a single site. From the financial and property management (including the provision of high priority customer services and DDA compliance) perspective, therefore, this option offers the lowest risk and highest return. It is recognised however, that there are other perspectives.

## 6. Recommendations

6.1 Members are reminded that a decision cannot be further delayed, under the terms of the contract if a contractor is not notified of a decision by 8 August it is entitled to regard the contract as cancelled and claim compensation.

6.2 Cabinet is asked to recommend its preferred course of action for confirmation by the Full Council meeting on 25 July.

6.3 Council is asked to finally determine this matter.

6.4 Cabinet is asked to note that the Leader has invited all group leaders to join him in meeting with Bluestone on 26 July 2007.

## 7. Implications

### 7.1 Legal

- Consultation: the law requires that whether or not it is a legal requirement in any particular case consultation must be carried out at a time when proposals are at a formative stage, must include sufficient reasons for the proposals to allow those consulted to give intelligent consideration and response, allow adequate time and the responses must be conscientiously taken into account when any final decision is taken. Moreover the Council is required to have regard to the Local Government Code of Publicity.
- Contractual matters associated with each of the options: set out in Counsel's advice at **Appendix A**
- Regulatory and statutory matters associated with cancellation: The Council would potentially expose itself to regulatory risks as development has commenced. It is open to the Council as planning authority to serve a completion notice under section 94 of the Town and Country Planning Act 1990 after the expiry of planning permission (3 years). The effect of a completion notice is that planning permission will cease to have effect after a period of not less than 12 months. If work is not carried out in that time the development carried out may become unauthorised. In such circumstances the council as planning authority may decide to take enforcement action if the site is not made good. This option is not available with regard to listed building consent. A power also exists under section 215 to require the site to be tidied up. A fresh listed building application would be required to address any revisions to the listed building works required as a result of demolition abutting the Council House and any modifications to the proposed refurbishment of it. A revised Memorandum of Understanding would also need to be agreed and potentially a new planning application depending on the scale and extent and impact of the works. If a fresh listed building application was not submitted to address changes, some of the conditions of the planning permission and building control coupled with requirements of the conditioned Memorandum of Understanding may still need to be complied with, such as long term management plans for the archaeological preservation of the site and for landscaping and habitat creation, fabric repairs to the listed building and a scheme for the provision of public art.

Secondly, the Council would potentially expose itself to risks of non-compliance with statutory duties under the listed building and disability access regimes with regard to the Council House:

- The owner of a listed building is obliged not to allow it to fall out of a reasonable state of repair. Consultants have reported on the current state of the repair of the Council House and the measures needed to be taken to refurbish it. The Council as the regulatory authority would have to take a view as to which of those measures should be carried out by the Council as landowner to be satisfied that the Council had met its statutory duties.
- Service providers are expected to make reasonable adjustments to their buildings so that there are no physical barriers stopping or making it unreasonably difficult for disabled people to access services or find a way of providing services another way. The Council would have to establish what measures would need to be taken to enable it to meet its statutory duties.

Thirdly, the Council would need to consider its duties under Section 114 of the Local Government Finance Act 1988. The Council is under a fiduciary duty to its taxpayers with regard to its use of and accounting for public money. Under Section 114 of the Local Government Finance Act 1988 the Chief Finance Officer is under a duty to make a report to each Member and the Council's Auditor if it appears to him that the actual or proposed expenditure of the Council in a financial year is likely to exceed the resources available to it to

meet that expenditure. Council is required to consider such a report on or before the expiry of 21 days and during that time the Council must not enter into any new agreement which may involve the incurring of expenditure. This is referred to in section A9 of the Council's constitution.

- Regulatory matters associated with modification: external legal advice is that a permanent reduction in size or a phased approach to construction should not be treated as a minor non material variation of the existing scheme and that fresh statutory consents should be sought after screening any modified scheme for environmental impact assessment purposes.

In the absence of the Council securing listed building consent for a modified scheme the Council and/or its advisers and contractors would be exposed to criminal liability under Planning [Listed Buildings and Conservation Areas] Act 1990. Moreover any Officer with the appropriate authority and responsibility who consented to or connived in the commission of an offence under that Act [or where such offence was attributable to neglect on their part] would also be exposed to criminal liability by virtue of section 331 of the Town and Country Planning Act 1990.

- Decision making: any public law decision has to be taken within statutory authority, be compliant with any applicable procedures, be consistent with the Council's fiduciary duty to its taxpayers, taken fairly and so as to avoid any reasonable perception of bias or predetermination and have regard only to proper and relevant considerations

## 7.2 Financial

Any option that involves the existing contractor terminating the current contract and being entitled to compensation in the order of the assumed amount will require the Head of Financial Services to serve a report under s14 of the Local Government and Finance Act 1988, unless a concurrent robust recovery plan is adopted. Such a report would prevent the Council entering into any new agreement other than "life and limb" expenditure until such measures were in place to mitigate against the deficit caused.

## 7.3 Community Safety

## 7.4 Environmental

## 7.5 Human Rights:

A contract is a property right for the purposes of Protocol 1 Article 1 [protection of property]. Payment of compensation for any cancellation of the contract should mean that the Protocol is not infringed.

## 7.6 Wards Affected

## 7.7 Personnel

Cancellation or delay as a result of modified scheme would have a negative impact on staff morale, recruitment and retention, sickness levels and the ability to recruit staff with mobility disabilities.

**RE: SALISBURY DISTRICT COUNCIL**

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**ADVICE**

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**Instructions**

1. My Instructing Solicitors act for Salisbury District Council (“SDC”).
2. On 21 April 2007 SDC entered into a contract with Bluestone plc (“Bluestone”) for works to be carried out at SDC’s offices at Bourne Hill, Salisbury (“the Contract”). The works comprise the construction of a 3 storey and basement office extension and the refurbishment of a Grade 2\* listed building, known as Council House (“the Works”). The Contract incorporates the terms of the JCT Standard Building Contract (2005 edition) with Quantities. The Contract Sum is about £12.5 million.
3. Following the elections on 3 May 2007 the political composition of the SDC Councillors has changed from a Conservative majority to no overall control. The Liberal Democrat and Labour groups have together formed a new administration of the SDC, which is presently considering whether to cancel the Works, to modify them, or to proceed with them in their present form.
4. Pending that decision, on 23 May 2007 SDC’s Acting Chief Executive wrote to Stanton Williams, the Architect under the Contract in terms which included the following in the second paragraph:

*“I hereby authorise you to issue an instruction to Bluestone plc to suspend all further activity and not to enter into further contractual commitments in respect of this project.”*
5. The following day Stanton Williams issued Architect’s Instruction No. 7 (“AI 7”) which instructed Bluestone to *“immediately implement the instructions detailed in the attached letter of 23 May 2007”* and referred to the second paragraph of that letter, set out above.
6. Bluestone acknowledged receipt of AI 7 by a letter dated 30 May 2007, which also stated:

*“We are treating your instruction as having been issued under clause 3.15 of the Contract Conditions but if this is not the case please specify immediately in accordance with clause 3.13.”*
7. On 31 May 2007 Stanton Williams confirmed that AI 7 had been issued under that provision.
8. I am asked to advise on the following matters:
  - 8.1 The status of AI 7;
  - 8.2 The options available to SDC regarding the cancellation of the main contract, whether compensation would be payable and if so on what terms;
  - 8.3 The options available to SDC for modifying the work within the main contract, and on the available timeframes and whether compensation will be payable and if so on what terms;
  - 8.4 The options available to Bluestone in the event that SDC is unable to secure the whole of the construction site for Bluestone immediately following any decision by SDC to continue the current project.
9. I am asked to liaise with SDC’s external financial advisors and to forward a copy of this Advice directly to them.

### **The Status of AI 7**

10. Bluestone's letter dated 30 May 2007, referred to in paragraph 6 above, has suggested that AI 7 was issued under clause 3.15 of the Contract and if not requested clarification under clause 3.13.
11. Clause 3.13 of the Contract provides:  
*"On receipt of an instruction or purported instruction the Contractor may request the Architect/Contract Administrator to specify in writing which provision of these Conditions empowers its issue and he shall forthwith comply with the request. If the Contractor thereafter complies with that instruction with neither Party then having invoked any dispute resolution procedure under this Contract to establish the Architect/Contract Administrator's powers in that regard, the instruction shall be deemed to have been duly given under the specified provision."*
12. Clause 3.15 allows the Architect to issue instructions *"in regard to the postponement of any work to be executed under this Contract."*
13. In addition, clause 2.5 of the Contract, as amended, allows the Employer to defer giving possession of the site or part of it for a period not exceeding 12 weeks.
14. In my view the Architect was correct to issue an instruction under clause 3.15 rather than 2.5, since an instruction under clause 2.5 would not prevent Bluestone from entering into sub-contracts and taking other steps necessary to prepare for the works. By virtue of clause 3.13 of the Contract, the Architect's view that the instruction was issued under clause 3.15 will be binding on SDC.
15. Clause 4.23 of the Contract provides that:  
*"If in the execution of this Contract the Contractor incurs or is likely to incur direct loss and/or expense for which he would not be reimbursed by a payment under any other provision in these Conditions due to a deferment of giving possession of the site or relevant part of it under clause 2.5 or because the regular progress of the Works or any part of them has been or is likely to be materially affected by any of the Relevant Matters, the Contractor may make written application to the Architect/Contract Administrator. The Architect/Contract Administrator shall from time to time thereafter ascertain, or instruct the Quantity Surveyor to ascertain, the amount of the loss and/or expense which has been or is being incurred..."*
16. The Relevant Matters, defined in clause 4.24, include instructions under clause 3.15.
17. Therefore Bluestone will be entitled to recover its costs caused by the suspension, regardless of whether SDC decides to cancel, modify or proceed with the works. Bluestone has written to the Architect on 1 June 2007 setting out the nature of the costs which may be incurred, albeit that some of the costs described in the letter relate to the additional cost of carrying out the Works after the suspension.

### **Cancellation of the Contract**

18. Clauses 8.4 to 8.6 of the Contract give the SDC the right to terminate the employment of Bluestone in certain specified circumstances. None apply in the circumstances of the present case, and therefore SDC is not entitled to terminate the contract under its express terms.
19. Bluestone is also entitled to give notice of default on the part of SDC, and if the default continues, to terminate its own employment under the Contract, under clause 8.9.
20. Clause 8.9.2 provides:  
*"If before practical completion of the Works the carrying out of the whole or substantially the whole of the uncompleted works is suspended for a continuous period of the length stated in the Contract particulars by reason of:*



.1 Architect/Contract Administrator's instructions under clause 2.15, 3.14 or 3.15...

... then unless in either case that is caused by the negligence or default of the Contractor or any of the Contractor's Persons, the Contractor may give to the Employer a notice specifying the event or events (the 'specified suspension event or events')."

21. The Contract Particulars identify the period of suspension referred to in clause 8.9.2 as 2 months.
22. Clause 8.9.3 provides:  
"If a specified default or a specified suspension event continues for 14 days from the receipt of notice under clause 8.9.1 or 8.9.2 the Contractor may on, or within 14 days from, the expiry of that 14 day period by a further notice to the Employer terminate the Contractor's employment under this Contract."
23. The consequences of such a termination are dealt with in clause 8.12. Clause 8.12.3 provides that:  
"where the Contractor's employment is terminated under clause 8.9 or 8.10, the Contractor shall as soon as reasonably practical prepare an account... The account shall set out the amounts referred to in clauses 8.12.3.1 to 8.12.3.4 and, if applicable, clause 8.12.3.5, namely
  - .1 the total value of work properly executed at the date of termination of the Contractor's employment, ascertained in accordance with these Conditions as if the employment had not been terminated, together with any other amounts due to the Contractor under these Conditions;
  - .2 any sums ascertained in respect of direct loss and/or expense under clauses 3.23 and 4.23 (whether ascertained before or after the date of termination);
  - .3 the reasonable cost of removal under clause 8.12.2;
  - .4 the cost of materials or goods (including Site Materials) properly ordered for the Works for which the Contractor then has paid or is legally bound to pay;
  - .5 any direct loss and/or damage caused to the Contractor by the termination."
24. Clause 8.9.4 provides that  
"the account shall include the amount, if any, referred to in clause 8.12.3.5 only where the Contractor's employment is terminated either... under clause 8.9 or 8.10"
25. By sub-clause .5 the sum due is to be paid within 28 days of the submission of the account by Bluestone, without deduction of retention.
26. Bluestone could make a claim for loss and expense caused by the termination on a number of different bases. It could claim:
  - 26.1 The cost of its resources which will be idle for a period after termination during which it expected to be carrying out the Works; or
  - 26.2 The profit which it lost on other contracts not tendered for or accepted because resources were committed to the Works, or
  - 26.3 The profit which it would have made on the Contract.
27. These claims could probably only be made in the alternative. The most likely claim is the third one described above, namely the profit which would have been made had the Works been carried out and paid for under the terms of the Contract.
28. The lost profit would be calculated by subtracting the expenses that would have been incurred in carrying out the Works from the sum which SDC would have been obliged to pay.

29. Bluestone is not obliged to give notice or to terminate the Contract in accordance with clause 8.9. However I understand that Bluestone has indicated that it will do so, and I would be surprised if it did not exercise that right when it is entitled to do so.
30. If Bluestone does not exercise its right to terminate the Contract, but SDC does not wish to proceed with the Works, then SDC could terminate the Contract itself. There is no express contractual right to terminate, and so a statement by SDC that it did not any longer wish to carry out the Works or continue with the Contract would be a repudiatory breach on the part of SDC.
31. If SDC informed Bluestone that it did not wish to continue with the Contract, Bluestone would then be entitled to damages for repudiatory breach, which would be very similar if not the same as those which Bluestone would be entitled to under clause 8.12 above, in summary:
  - 31.1 Any sums which Bluestone was entitled to under the terms of the Contract at the date of repudiation, including the loss and expense to which it is entitled as a result of the suspension of the works;
  - 31.2 Expenses incurred as a result of the repudiation;
  - 31.3 The profit lost as a result of the repudiatory breach.
32. SDC could also omit all of the works by a Variation instruction. The effect such an instruction is considered in the following section, but Bluestone would be entitled to loss and expense as a result of such an instruction, and its entitlement would be the same as under clause 8.12.

#### **Modification of Works**

33. An option open to SDC is to modify the works. The scope of the modified works has not yet been decided. However one possibility, identified in general terms in my instructions, is to omit the construction of the extension outside the existing footprint of the SDC offices. Clearly, this would involve the omission of work. It may also require the addition of some work.
34. The Architect has power to issue instructions requiring a variation under clause 3.14, and by clause 3.14.5 no Variation issued by the Architect “*shall vitiate this Contract.*”
35. By clause 5.1 the term ‘Variation’ is defined to include the “*addition, omission or substitution of any work*”.
36. Clause 5.6 provides for the valuation of measurable work, and clause 5.8 provides for the valuation of variations to the Contractor’s Designed Portion.
37. Clause 5.6.2 provides that:
 

*“To the extent that a Valuation relates to the omission of work set out in the Contract Bills and subject to clause 5.8 in the case of CDP Works, the rates and prices for such work therein set out shall determine the valuation of the work omitted.”*
38. There is a similar provision in clause 5.8.3 in relation to CDP work:
 

*“The valuation of the omission of work set out in the CDP Analysis shall be in accordance with the values therein for such work.”*
39. These provisions do not allow Bluestone to recover any lost profit on the works omitted, assuming that the profit is contained within the rates used in the Contract Bills.
40. However, as set out above, Bluestone would be entitled to claim loss and expense under clause 4.23 for the Relevant Matters referred to in clause 4.24, which include Variations.
41. Therefore, Bluestone would be entitled to recover its loss profit and other losses associated with the omission of work, whether the omission was of part of or all of the Works, as loss and expense under clause 4.23.

42. Bluestone would be entitled to be paid for any additional work instructed in accordance clause 5.6. In summary, this requires payment based on the rates contained in the Contract Bills for work of the same or similar nature, and otherwise on fair rates and prices. This would be likely to include an element of profit and recovery of overheads.
43. Clause 5.3 of the Contract allows the Architect to request a quotation for the works from Bluestone. In the circumstances, there is little incentive for Bluestone to submit a competitive quote for modified works, and the procedure permits Bluestone to refuse to give a quotation altogether. I doubt that the use of this procedure would be worthwhile for SDC.
44. Turning to the timing of the instruction to modify the Works, Bluestone would have to be instructed to proceed with some works by the expiry of any notice issued by Bluestone under clause 8.9.2, otherwise Bluestone would be entitled to terminate its employment as discussed above.
45. I do not expect that the available period of time would permit any significant redesign works to take place. However, if the modification were to retain part of the original design, then it might be possible to instruct Bluestone to commence those works before it is entitled to terminate its employment under clause 8.9.

#### **Possession of the Whole of the Site**

46. Clause 2.4 provides that possession of the site shall be given to Bluestone on the date of possession. Failure to give possession of the site will be a breach of contract and entitle Bluestone to damages for any loss caused (see Whittal Builders v. Chester-le-Street District Council) (1987) 40 BLR 82).
47. *Keating on Construction Contracts* (8<sup>th</sup> edition) expresses the view at paragraph 19-049 that:
 

“... possession of the site will be a question of fact and degree in all the circumstances. Provided that the Contractor has sufficient possession, in all the circumstances, to enable him to perform, the Employer will not be in breach of contract.”
48. I am not aware of the area of the Site which SDC may not be able to give possession of to Bluestone. If the failure to give possession would be likely to have a disruptive effect on Bluestone’s works, it may be possible to mitigate that effect by instructing a Variation under clause 5.1.2. That clause defines the term ‘Variation’ to include:
 

*“the imposition by the Employer of any obligations or restrictions in regard to the matters set out in this clause 5.1.2 or the addition to or alteration or omission of any such obligations or restrictions so imposed by the Employer in the Contract Bills or in the Employer’s Requirements in regard to:*

  - .1 access to the site or use of any specific parts of the site;
  - .2 limitations of working space...
  - .4 the execution or completion of the works in any specific order.”
49. The Architect has power to give instructions to the effect set out above. Accordingly, if the Works were to continue, but subject to a difficulty regarding possession of the works, it would be feasible to discuss the re-scheduling or re-organisation of the work with Bluestone and to issue an instruction to deal with that difficulty. Bluestone would be entitled to payment for this instruction, valued as a Variation.
50. It may be more economical for SDC to take control of the difficulty regarding possession than to leave Bluestone to deal with the difficulty itself and make a claim for damages for breach of contract.
51. In addition, the works affected by the difficulty regarding possession could be postponed by an instruction given under clause 3.15. Provided that the postponement does not relate to the whole

or substantially the whole of the works, Bluestone would not be entitled to give notice and terminate its employment under the Contract under clause 8.9 as a result of such an instruction. Bluestone would be obliged to proceed with the remaining works, although it could claim the loss caused by the postponement under clause 4.23.

### **Summary**

52. The instruction given to suspend the works has, in my view, correctly been given under clause 3.15 of the Contract. The instruction will entitle Bluestone to claim its loss and expense. This will include losses suffered during the period of suspension, and, if the work is recommenced, increased costs caused by the delay.
53. If Bluestone were to terminate its own employment following suspension for 2 months and a further 14 days' notice, or if SDC were to inform Bluestone that it no longer wished to pursue the works, Bluestone will be entitled to the losses caused by the suspension, and to losses caused by the termination of the Contract. These could include Bluestone's lost profit on the Contract.
54. If SDC were to modify the works by omitting a substantial part of them, the omission will be valued using the rates contained in the Contract. Bluestone would be entitled to claim its lost profit on the omitted works, and any other recoverable loss, by clause 4.23 of the Contract.
55. Failure to give possession of the whole site would be a breach of contract on the part of SDC, which may entitle Bluestone to damages, depending on the extent of the failure. The Architect is empowered to give instructions regarding the sequence and timing of the work, and could also postpone the affected part of the works under clause 3.15 of the Contract. In either case Bluestone will be entitled to its losses occasioned by the Architect's instruction.
56. This Advice is intended to give SDC guidance as to the options open to it, and Bluestone's consequential entitlement under the Contract. There will doubtless be further matters of detail to be considered in estimating the cost of cancellation or modification of the Works, which I would be happy to deal with as they arise.

### **PIERS STANSFIELD**

11 June 2007  
Keating Chambers  
15 Essex Street  
London WC2R 3AA

**RE: SALISBURY DISTRICT COUNCIL**

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**ADVICE**

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**Mr John Crawford  
Head of Legal & Property Services  
Salisbury District Council**

## Final Report

### Financial Review – Salisbury District Council

#### Bourne Hill Project

##### 1. Introduction

Butlers were appointed by Salisbury District Council (the Council) to review the current financial situation regarding the Bourne Hill Project.

As a result of recent political changes the Council has initiated this review to independently comment the assumptions regarding the project's position and the implications of possible changes. Its project brief required the appointed consultants to:

1. Advise on the available options for suspending or cancelling all current contracts for the new council offices at Bourne Hill and the associated cost implications;
2. Advise on the options for modifying the project within the existing contracts, and the point at which modification would amount to termination, triggering the need for re-tendering;
3. Advise on the implications for the Council's finances - in particular the capital or revenue treatment of sums spent or to be spent - of cancellation or modification of the project; and
4. Advise on steps that could be taken by the Council to mitigate any of the costs of cancellation or modification.

Butlers were appointed to look at items 3 and 4, and to assist the Legal Advisors in items 1 and 2 where appropriate.

The timetable for the draft report was by the week ending 15 June 2007, with the final report issued by 21 June 2007. Subsequent changes to the financial model have required changes to the final report originally issued.

The report will cover:

- Original situation;
- Reason for change;
- Current situation;
- Options for moving forward;
- Other issues; and a
- Summary

##### 2. Original Situation

The Council is currently in mid stages of an office rationalisation project, the aims of which are:

- To improve services to customers through a one stop shop for all services;
- To achieve cost savings through reduction in duplication, improved productivity, reduced running costs and the sale of surplus buildings; and
- To provide accessible, fit for purpose buildings for customers and staff, including those with disabled access.

Detailed preparatory work was conducted during 2003/04 and a thorough assessment was undertaken of a number of sites. Bourne Hill was selected by the Cabinet as the preferred location for centralisation. During 2005, a project budget, asset disposal, initial design, contract and decant arrangements were put into place.

In May 2006 planning permission was granted and in June the updated business case and budget were agreed. In July 2006 the Listed Building Consent was received from the Secretary of State. Bourne Hill closed its doors to members of the public in October 2006, and all Council staff previously housed at Bourne Hill decanted to alternative accommodation. The final decision to proceed with the project was made at full Council in December 2006 and the enabling contract and main contract were let. Preparatory work started at Bourne Hill in February 2007.

The approved project budget is £15.4m, with financing being as follows:

- £4.7m - capital receipts from the sale of surplus assets;

- £4.4m - capital receipts from assets already disposed of;
- £6.3m - a mixture of borrowing and savings (staff and property).

The original project was reported as a self financing project and was structured so that it would have zero impact on the Council Tax. This means that the overall financing of the project would not cost the Council Tax payers.

### 3. Reason for Change

The Council held elections in May 2007 and as a result political administration changed from Conservative majority to no overall control. The Liberal Democrat and Labour groups have together formed a new administration of the Council. The new administration is now reviewing whether to modify, proceed with or cancel the office rationalisation project.

### 4. Current Situation

To date the Council has spent £4m on feasibility and initial design, impact surveys, decanting staff, demolition as well as refurbishing part of the Council's depot to temporarily house office staff.

The demolition has been completed. The enabling works however have been suspended following the Council's change of administration and the desire to review both the project and the possible consequences of cancelling the contract with the main contractor (Bluestone plc – which was awarded the contract early in 2007). The current main contract sum is £12.5m and all activity has been suspended to take account of the administration's review.

As a result of halting the scheme the overall cost has risen to £16.2m, an increase of £0.8m. This increase is currently being met from revenue savings. However, if delays continue, this cost will rise and the Council will not be able to absorb the full costs of the scheme within the current approved Medium term Financial Strategy. The implication is that, as a result of the delays, the scheme will no longer be self financing and will impact on the Council Tax.

### 5. Options for Moving Forward

The Council has identified four alternative options:

- Continue with the office rationalisation scheme, as per the original specification (including additional costs due to delays);
- Cancel contract with Bluestone (two options):
  - Provide a new truncated design on Bourne Hill site including refurbishment of house, re-provision of displaced accommodation within other retained properties upgraded to modern legal standards;
  - Provide new office building on old swimming pool site and other accommodation within other retained properties upgraded to modern legal standards;
- Amend original scheme by continuing with a modified version of current scheme by removal of narrow portion of extension and re-provision of displaced accommodation within other retained council properties upgraded to legal modern standards.

The Council has prepared financial estimates of the above options. Butlers has reviewed the structure and presentation of these financial estimates and can confirm that they appear reasonable. The accuracy of the estimates has not been evaluated as this is not part of the review, and would require separate technical architectural/surveying expertise – the estimates have been validated by Gardner and Theobald, the Council's Cost Consultants.

The Council has to take into account a number of factors when evaluating the options available to it:

- The main contract has already been let:
  - Cancellation of the contract is estimated to cost the Council compensation to the contractor of £1.5m;
  - Any variation to the original contract will mean that the contractor can cancel the contract and is liable to compensation – again estimated to be £1.5m;
- The Council has already incurred considerable costs - £4.5m. If the project is cancelled, accounting for these will need to be considered. The worst case scenario is that the £4.5m will be charged to the revenue account immediately. This will have considerable implications for either / both the Council Tax and / or General Fund reserves and balances.

The Council has looked at the issues surrounding possible ways forward and has estimated the financial implications, relating them to the impact on the Council Tax. The following table shows the Council's estimations:

Option	Note	Impact on Council Tax (%)	Annual Recurring revenue effect £'000	Impact on Revenue reserves £'000
Continue delayed scheme	(1)	0% - 3%	0-170	0
Cancel with new truncated design on Bourne Hill site	(2)	17% - 18%	906-926	2265
Cancel with new office building on old swimming pool site	(2)	11%	560	5340
Continue with modified version of current scheme by removal of narrow portion of extension within the existing contract		13% – 14%	699-747	0

*Notes:*

- (1) Impact on Council Tax is based on current cost of delay. If costs increase due to further delays then an impact on Council Tax is expected.
- (2) The accounting implications of the £4.5m already incurred plus the compensation payment to the contractor (£1.5m) need to be taken into consideration. If the Council can capitalise the costs (or at least some of them) then the impact on the Council Tax will be at the lower estimate. This is covered in more detail below.

A brief summary of the options is at Appendix A.

There are important issues that need to be considered when evaluating the three options identified above. These are:

- Accounting implications;
- Impact of the options;
- Ability to increase the Council Tax; and
- Other issues.

These are explored below.

***Accounting Implications***

The main issue surrounding accounting is the treatment of the £6m (£4.5m costs already incurred plus £1.5m compensation to contractor). Generally Accepted Accounting Practice (GAAP) would require the £6m to be charged to the revenue account in the year that the project is abandoned. This will have considerable implications for the Council Tax.

The costs that have been incurred have been funded from the Council's cash resources, but in terms of accounting they have not yet been financed – this is the actual charging against a financial resource, which could be, for example, capital receipts, revenue, etc.

If any of the costs incurred have given rise to the creation or enhancement of a fixed asset then under GAAP these costs could still be capitalised. Officers of the Council have identified two items of expenditure that they anticipate could be capitalised under GAAP:

- £0.6m has been spent on refurbishing the Churchfields depot, it is realistic that this figure could be capitalised (i.e. put onto the balance sheet and financed from revenue over time).
- £0.4m has been incurred on enabling costs; this covers costs incurred in preparing the site for development. In our opinion it is unlikely that these costs could be capitalised as no asset has been created, or enhancement of an asset has occurred. In this case the expenditure would have to be charged to revenue should the project be abandoned. If the project is amended and the site is still developed as part of the project, then it may be possible to capitalise these costs.

Should the project be abandoned and the £5.4m (£6m less £0.6m) is charged to revenue, the Council has the option of applying for a Capitalisation Direction from Department of Communities

and Local Government (DCLG). Should the Council be successful then the costs incurred could be charged to a capital resource – this could be general capital resources or resources specified in the Capitalisation Direction issued by DCLG.

A Capitalisation Direction is by no means a certainty. The Council would have to apply under the Exceptional Difficulties Test. For this to be successful the following three conditions must be met:

- The capitalised expenditure is unavoidable (for example, because it relates to statutory duties or contractual or other commitments).
- The authority could not meet the expenditure out of revenue resources without there being an unacceptable adverse impact on those who use or pay for its services
- There is no alternative way of ensuring that the expenditure could be met.

At this stage it is a subjective view as to whether these tests are met. For instance are the costs unavoidable because of the “contractual commitment”, or are they avoidable as the scheme could be progressed?

Even if the DCLG accepts that the above three conditions are met, there are additional issues:

- The Council may not receive 100% of the amount it applied for as it would be bidding for a limited allocation: and
- The Council will not find out the result of the application until January / February of the financial year that it applied, clearly much later than the decision needs to be taken.

The above issues demonstrate the uncertainties of capitalisation; the costs could fall on revenue.

Should the Council abandon the project and be successful in applying for a Capitalisation Direction, then the Council has to be aware that there could still be significant costs of capitalisation. The costs will be dependent on how the capitalisation directive is financed:

- Use of Capital Receipts – The Capitalisation Directive would allow the Council to capitalise the costs rather than charge them to revenue. If approval is given, and if capital receipts are available, these could be used to pay for the cost immediately. Officers have indicated that there are insufficient capital receipts to finance the costs and therefore this is not a viable option.
- Initiating a Borrowing Need – If the capitalisation is not financed immediately with capital receipts the Council will move into a borrowing need. In this situation there will be two key costs:
  - Annual repayments of the amount capitalised, this is likely to be through the Minimum Revenue Provision (MRP) which charges 4% of the amount to revenue on a reducing balance (spreads the repayments over approximately 25 years). On £5.4m on this basis the initial annual cost at 4% would be £216,000. Of course the MRP period might be shorter as specified in the Capitalisation Direction. For instance on a 5 year basis the MRP would be £1.28m p.a.
  - Annual interest - This could take the form of the cost of borrowing or if other resources are used, the lost investment income. Conservatively at today’s rates this is likely to be at least £310,000 on £5.4m (based on 5.75%).

This makes the initial total annual costs of capitalisation £526,000 in the first year – although this will fall as the MRP reduces the liability. This will have implications for the Council Tax (10%).

If the project continues, but is amended, the Council may not be able to capitalise all the expenditure, the amount that can be capitalised depends on whether the expenditure incurred creates, or enhances the asset.

The following sets out the possible options:

- completing as is = 100% capitalisation
- completing only refurbishment of Bourne Hill = substantial material reduction in the ability to capitalise and leave a large liability in respect of Disability Discrimination Act (DDA) and backlog repairs therefore potentially financially disastrous
- completing a materially curtailed scheme = loss of capitalisation that would have a "substantial" impact on the councils finances in addition to material impact of DDA and backlog repairs
- Completing a different but modified scheme that substantially uses the footprint = high proportion of capitalisation and with careful estate management (use of Churchfields / Penny



Farthing House would be substantial but potentially manageable in terms of the Council's finances).

If the project continues and penalty payments are made to the contractor, it is unlikely that these penalty payments could be capitalised under normal accounting rules. These payments would therefore have to be charged to revenue.

### ***Impact of the Options***

Officers are mindful of the implications of amending the current specification, for two reasons. A change in specification may trigger the requirement for a new planning application, this has the following implications:

- Estimated 12 month delay to project. It is expected that, to get back to the same stage as the project currently is, it would take 12 months;
- Any delay past mid August would enable the contractor to terminate the contract and recover approximately £1.5m in compensation from the Council;
- Any change in the specification could lead to a claim from the contractor if there is a reduction in work from the original specification. This could happen even if additional work is required. Any additional work will be tied to the current contractor and not subject to competitive tendering; and
- Legal advice has stated that in order to stay in contract with Bluestone the Council needs to work within the existing planning approval and tender.

The 'modify within the existing contract' options are substantial enough to trigger further delays and additional claims; hence the impact on Council Tax would be up to 14%.

Although the Council is considering options that amend the current proposal, it needs to establish whether the alternative proposals achieve what the original project brief was designed to accomplish. Will any modifications stand alone as a worthwhile project in value for money terms? If the alternatives do not achieve the original objectives then the Council may need to incur additional expenditure to meet these objectives, for example, disabled access.

### ***Ability to Increase the Council Tax***

The Council currently has two constraints on its ability to increase the Council Tax, these are:

- Internally set policy – the Council has agreed in its MTFS that it will limit its increase in the Council Tax to 5% per annum.
- Central Government Policy – recently the Government (DCLG) has imposed a limit of 5% for annual increases in Council Tax. Any authorities exceeding this limit could be subject to capping (i.e. limited to 5% increase).

The above would indicate that the Council would realistically only be able to increase Council Tax by 5% per annum. The MTFS has projected budgets based on a 5% increase and the projections have identified that this increase is required to maintain services at their current levels. This scheme could have considerable implications:

- Any increase in the cost of the project that is met from the Council Tax will take monies away from services. This will represent a fall in service levels;
- Even if the whole 5% was used to assist with cost increases on the project, this is likely to be insufficient to cover all the costs identified on the different options, including costs of capitalisation; and
- Any revenue costs over and above the 5% would take money away from existing services, resulting in a decline in service levels.

### ***Other Issues***

Officers are looking into the possibility of using General Fund balances to finance any costs associated with abandoning the project. It has insufficient funds and is looking at the possibility of having a negative General Fund balance. The Council is not able to budget for a negative General Fund balance, but if actions during the year result in it being in such a position, it is required to make good the deficit during the following financial year. The Council has £1.5m of General Fund balances at 31 March 2007 and financing the revenue implications of the £5.4m costs in 2007/08 will result in a negative balance of c£4m. It will be required to make good this deficit and replenish

reserves to a reasonable level in 2008/09, and this will have considerable implications for the Council Tax, and lead to the complications set out elsewhere in this report.

## 6. Other issues

Any action other than continuing with the delayed project is likely to have considerable wider implications for the Council's finances and operations. These implications will focus on the rationale for the decision and the associated Value for Money issues. Essentially the "Wednesbury unreasonableness test" might apply – although this area is outside our brief and expertise. The Council may want to consider its legal position in this respect. The elements included in this report would need to be considered to ensure the decision to curtail, amend or delay the scheme was a reasonable one for Members to take.

Before the administration makes the decision to amend / abandon the project, the Section 151 Officer may be required to issue a Section 114 report. This would state that the Council is proposing to incur expenditure in a financial year that is likely to exceed the resources available to it to meet that expenditure. If this report is issued, the Council will not be able to enter into any new agreement which may involve the incurring of expenditure until the report has been considered. This must take place within 21 days of issuing the report. Any expenditure incurred during this period is unlawful (Section 114 Local Government and Finance Act 1988). Such an action would compromise the day to day operation of the Council.

The issuing of a Section 114 Report may delay the project sufficiently (i.e. past mid August) to enable the Contractor to terminate the contract and recover compensation from the Council estimated to be in the region of £1.5m.

If such action is taken by the administration of the Council then a Public Interest Report is likely to be issued by the District Auditor (Section 15(3) Local Government Finance Act 1982). The issuance of such a Report will be in hindsight, after the costs have been incurred. Regardless of its content, the Report's issuance is likely to prompt adverse publicity and focus attention on the probity of the Council's decision making processes. A Report of this nature is also likely to negatively affect the Council's Comprehensive Performance Assessment (CPA) score, prompting further adverse publicity and increased audit scrutiny and costs in the future. It should also be noted that the production of a Public Interest Report is usually costly.

The Council's Auditor must be notified of the Section 151 Officer's Section 114 Report. The Council's Auditor can issue a prohibition order if it feels that the authority or one of its officers is about to take a course of action which would be unlawful or cause the authority to incur a loss or deficiency. The prohibition order makes it unlawful for the authority to make or implement the prohibited decision. The prohibition order remains in force until it is either revoked by the Auditor or it is quashed by the High Court following an appeal (Section 30 Local Government Act 1988).

## 7. Summary

### **Key Results of the Financial Review**

The aims of this report are set out in the project brief and are:

- To advise on the implications for the Council's finances, in particular the capital or revenue treatment of sums spent or to be spent, of cancellation or modification of the project; and
- To advise on any steps that could be taken by the Council to mitigate any of the costs of cancellation or modification.

The report has identified a number of issues regarding the potential costs associated with either delaying the project or changing the project. The main issues are:

- The Council has already incurred £4.5m of expenditure;
- Delays and changes to the project may result in additional expense in the form of compensation of around £1.5m being payable to the contractor;
- These costs may have to be charged to revenue if the project is abandoned;
- A Capitalisation Direction could be applied for using the Exceptional Difficulties Test, but the outcome is not certain and, if successful, may not cover the entire amount applied for;
- If an application is successful the annual revenue cost from capitalisation is still likely to be c£526,000 p.a.
- The Council has identified three options:

- Continue with delayed project;
- Cancel and utilise existing sites;
- Amend the original scheme.
- Of these options the most financially viable is to continue with delayed scheme as this has no additional impact on the Council Tax;
- All the other options impact on the Council Tax, ranging from 4% to 160%;
- Any impact on the Council Tax will take funds away from existing services since the Council is likely to be limited to an increase of 5% (through capping), which is already earmarked to maintain the current level of services in the MTFS; and
- If the Council charges the one year cost of £5.4m to General Fund balances, the General Fund balances will be negative and the negativity will need to be made good during the following financial year. In addition the Council will have to rebuild a reasonable level of reserves.

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## Appendix A

### Summary of the Options

#### ***Continue Delayed Scheme***

This option will achieve the Council's original objectives and, under current estimates, is cost neutral on the Council Tax. If penalty payments are incurred, it is unlikely that the Council will be able to capitalise these.

#### ***Options Involving Cancelling Scheme***

If the Council cancels the scheme and decides to utilise existing sites the Council will incur substantial costs in compensation claims from the current contractor. These costs, along with expenditure already incurred will either:

- Be charged to revenue, having a material adverse impact on the Council Tax, or
- The Council will apply for a Capitalisation Direction from DCLG which will allow the Council to spread the financing of these payments from the revenue account over a number of years. However, this will still cost the Council in the region of £500,000 per annum in financing costs and principal repayments.

Both the above options will have a material impact on the Council's finances.

The Council will also have to spend monies on the existing sites to bring these up the legally required standard, for example disabled access.

#### ***Options Involving Amending Scheme***

The Council could amend the current scheme. The degree of amendment will have an impact on the cost to the Council.

If the amendment is within the current planning application and tender then the Council will only incur minimal penalty costs from the contractor.

If the amended scheme is outside of the current planning application and tender then significant penalty payments will be incurred and this will have a material impact on the Council's finances.

One of the amending options utilises existing sites, the Council will also have to spend monies on these existing sites to bring these up the legally required standard, for example disabled access.

#### ***Financial Implications***

Any additional cost will impact on the Council's finances. The Council has a policy to limit increases in the Council Tax to 5%; this level of increase is likely to be the maximum that DCLG will allow. The MTFS has identified that this 5% increase is required to maintain services at their current levels. This means that any impact on the Council's revenue account will reduce require services to be cut.

## Appendix C

-----Original Message-----

**From:** Paul Goodwin [mailto:Paul.Goodwin@communities.gsi.gov.uk]

**Sent:** 26 June 2007 16:43

**To:** Alan Osborne

**Cc:** Nina Loudon

**Subject:** RE: capital determination application Salisbury district council

Alan,

To confirm what we discussed earlier - and again, I am not talking about the specifics of Salisbury's project. Generally speaking, as the guidance makes clear, consultancy costs, fees, legal costs and compensation are not considered suitable for capitalisation.

We have received previous requests from authorities applying for capitalisation directions under exceptional difficulties where they have entered into legal contracts and then decided to terminate them. I cannot remember one instance where such an application has been approved.

The timetable in the guidance is clear - applications to be received by 15 December. The target date for final decisions is 31 January 2008.

Unless a condition is attached to a capitalisation direction we do not stipulate how long a direction must be paid over. Obviously, if an authority does borrow for a direction it would need to do so in line with the Prudential Rules and CIPFA code.

Paul Goodwin

Capital Finance and Analysis Division

DCLG

Zone 5/J3

Eland House

Bressenden Place

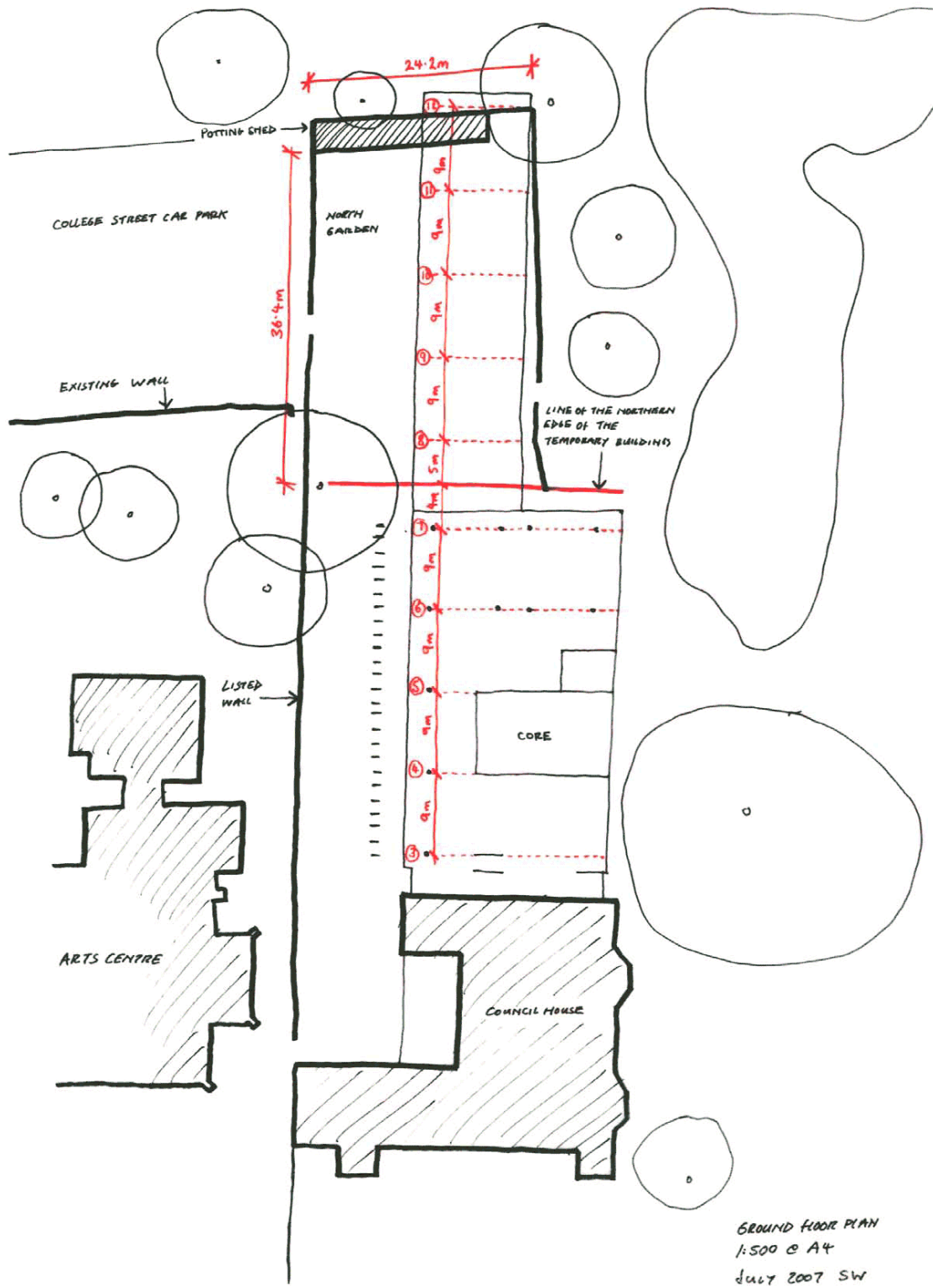
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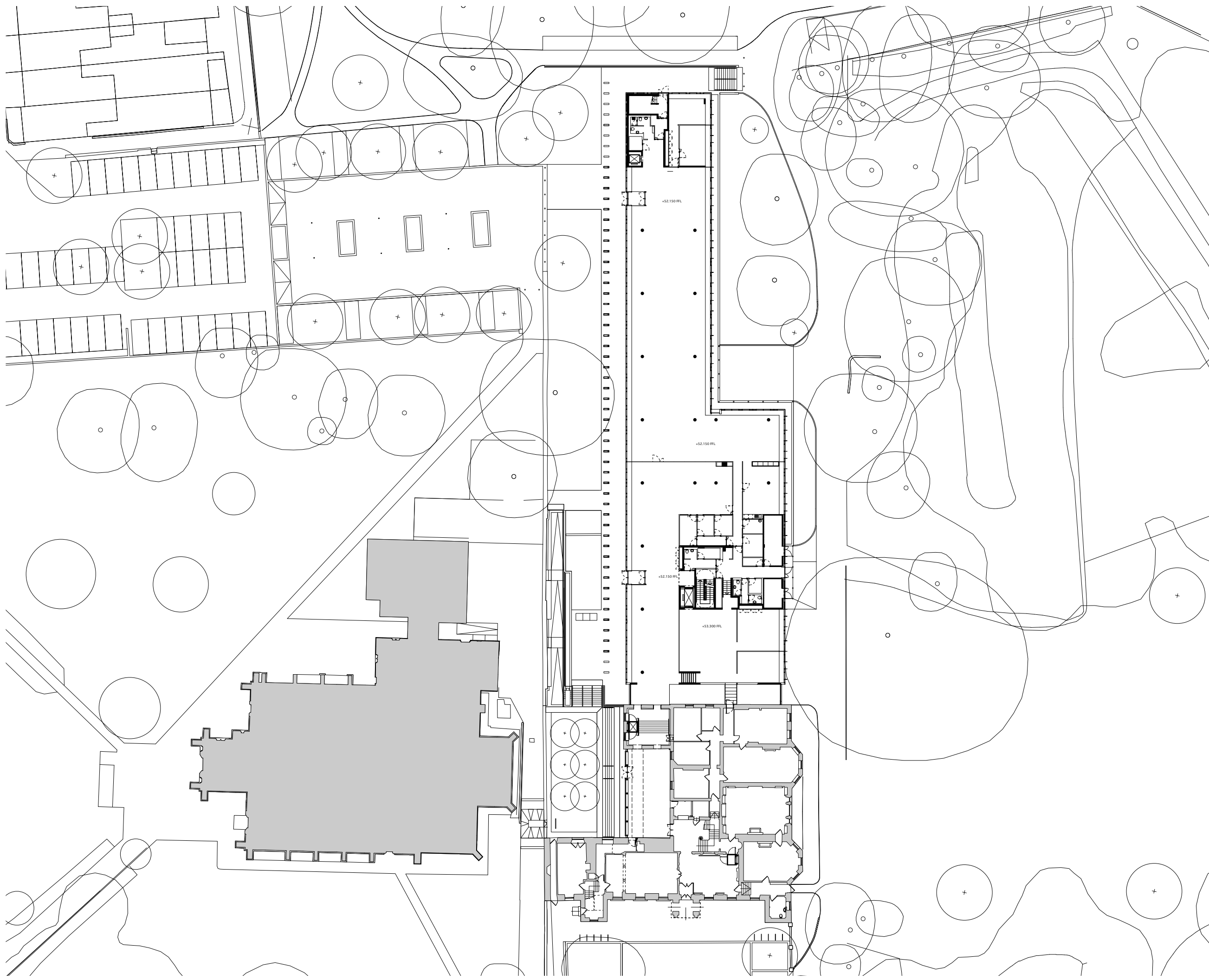
0207 944 4234

## Options Financial Scenarios

	Delayed scheme	Truncate with planning in parallel and retained contractor			Truncate with prior planning consent and new contractor			Cancel, reprove on OSP and existing sites
		5 bays removed (All narrow)	4 bays removed	3 bays removed	5 bays removed	4 bays removed	3 bays removed	
<b>Gross Capital cost of scheme</b>	<b>17,432</b>	<b>18,466</b>	<b>18,866</b>	<b>18,878</b>	<b>20,632</b>	<b>21,210</b>	<b>21,401</b>	<b>17,698</b>
Funded by existing capital programme	(950)	(950)	(950)	(950)	(950)	(950)	(950)	(950)
<b>Total to be funded</b>	<b>16,482</b>	<b>17,516</b>	<b>17,916</b>	<b>17,928</b>	<b>19,682</b>	<b>20,260</b>	<b>20,451</b>	<b>16,748</b>
Capital Receipts	(4,700)	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)	(3,200)
<b>Nett Capital Cost of scheme</b>	<b>11,782</b>	<b>13,566</b>	<b>13,966</b>	<b>13,978</b>	<b>15,732</b>	<b>16,310</b>	<b>16,501</b>	<b>13,548</b>
<b>Annual Revenue cost of capital</b>	<b>883</b>	<b>1,043</b>	<b>1,079</b>	<b>1,081</b>	<b>1,238</b>	<b>1,290</b>	<b>1,308</b>	<b>1,042</b>
<b>Annual revenue savings</b>	<b>(713)</b>	<b>(332)</b>	<b>(332)</b>	<b>(382)</b>	<b>(332)</b>	<b>(332)</b>	<b>(382)</b>	<b>(482)</b>
<b>Annual Impact on Revenue Budget</b>	<b>170</b>	<b>711</b>	<b>747</b>	<b>699</b>	<b>906</b>	<b>958</b>	<b>926</b>	<b>560</b>
<b>Notional Effect on Council Tax (%)</b>	<b>3%</b>	<b>14%</b>	<b>14%</b>	<b>13%</b>	<b>17%</b>	<b>18%</b>	<b>18%</b>	<b>11%</b>
<b>Effect on Revenue reserves (to be replaced in one year)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,265</b>	<b>2,265</b>	<b>2,265</b>	<b>5,340</b>



GROUND FLOOR PLAN  
1:500 @ A4  
JULY 2007 SW



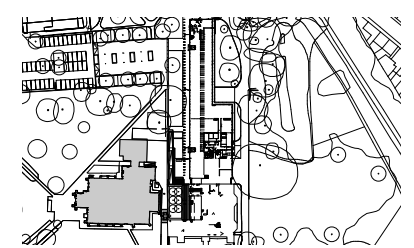
notes

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C1	07/05/07	TS/SH	ISSUED FOR CONSTRUCTION
T1	29/09/06	TS/SH	TENDER ISSUE
C	22/09/06	TS/SH	BUILDING REGULATIONS SUBMISSION ISSUE
B	26/08/06	TS/SH	ISSUE FOR BILLING
A	24/03/06	TS/SH	STAGE E ISSUE
-	30/01/06	TS/SH	PLANNING SUBMISSION ISSUE
rev	date	initials	description

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location



**stanton williams**

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 F 020 7880 6401

project

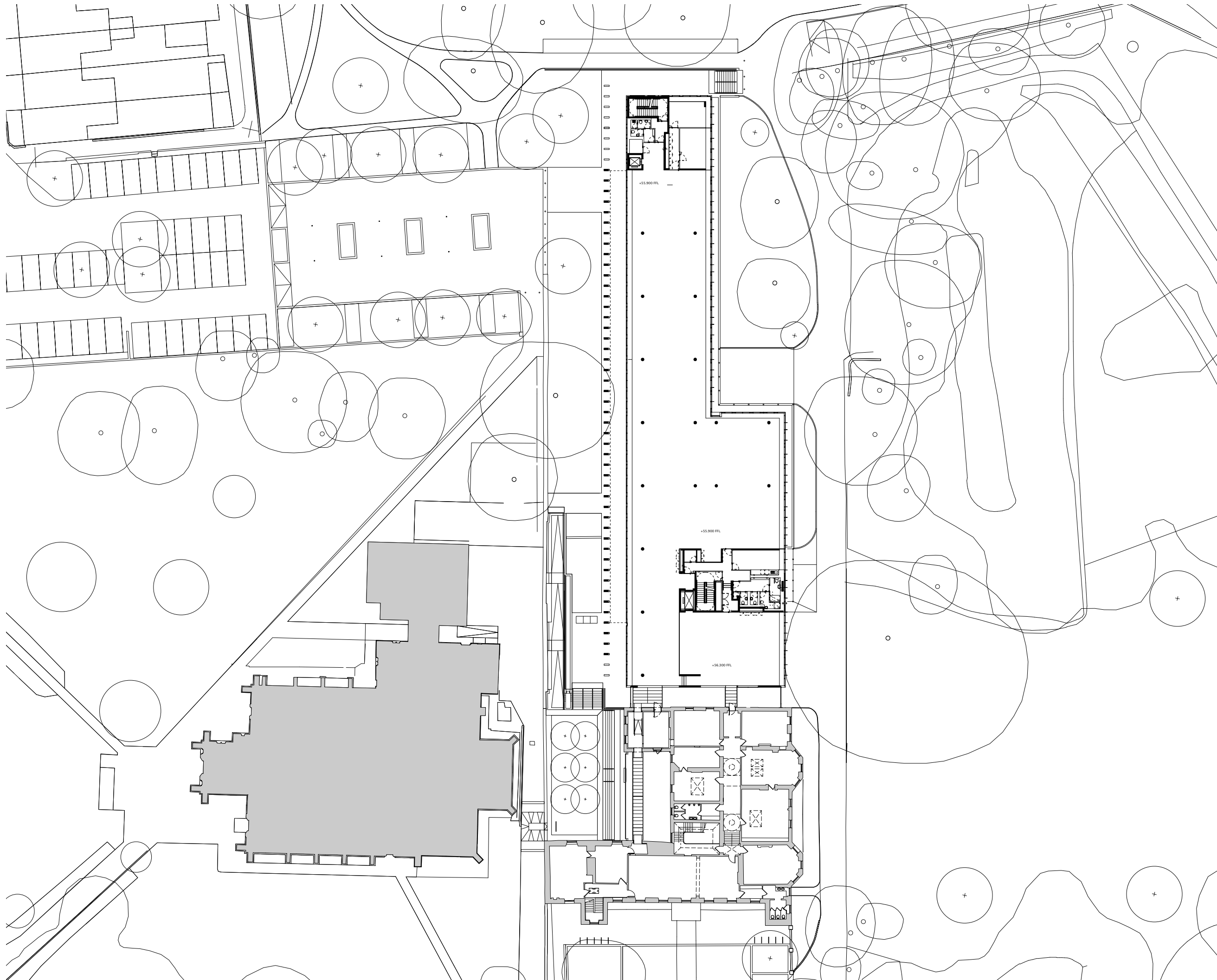
SALISBURY DISTRICT COUNCIL  
 BOURNE HILL DEVELOPMENT

drawing title

BUILDING B  
 LEVEL 00 GA  
 PLAN PROPOSED

drawn	checked	approved
AM/HL/TS	TS/SH	
date	scale @ A1 (A3)	status
10/05	1:250 (1:500)	FOR INFORMATION
project number	drawing number	rev.
327	00-230	C2





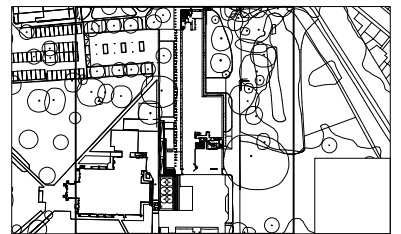
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C2	21/05/07	TS/SH	ISSUED TO MAIN CONTRACTOR FOR CONSTRUCTION
C1	11/05/07	TS/SH	ISSUED TO MAIN CONTRACTOR FOR INFORMATION SMOKE VENT ADDED TO THE CEILING OF RAF 26
T1	29/09/06	TS/SH	TENDER ISSUE
C	22/09/06	TS/SH	BUILDING REGULATIONS SUBMISSION ISSUE
B	28/08/06	TS/SH	ISSUE FOR BILLING
A	24/03/06	TS/SH	STAGE E ISSUE
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 Stanton Williams to be advised of any variation between the drawings and site conditions.

location



**stanton williams**

Dieppeker Wharf  
 58 Graham Street  
 London N1 8JX  
 T 020 7880 6400  
 F 020 7880 6401

project

SALISBURY DISTRICT COUNCIL  
 BOURNE HILL DEVELOPMENT

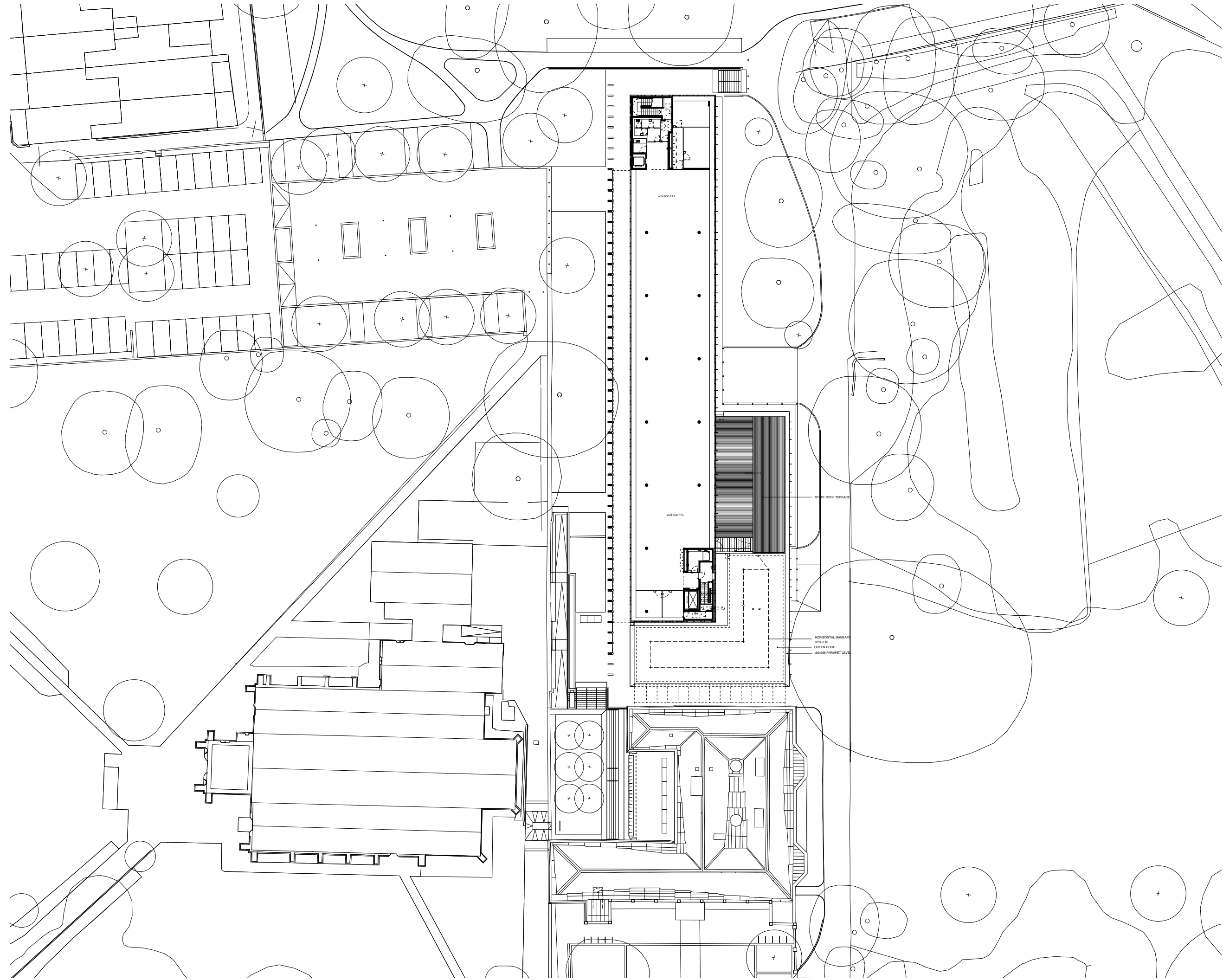
drawing title

BUILDING B  
 LEVEL 01 GA  
 PLAN PROPOSED

drawn	checked	approved
AM/HL/TS	TS/SH	
date	scale @ A1 (A3)	status
10/05	1:250 (1:500)	CONSTRUCTION
project number	drawing number	rev.
327	00-231	C2

notes

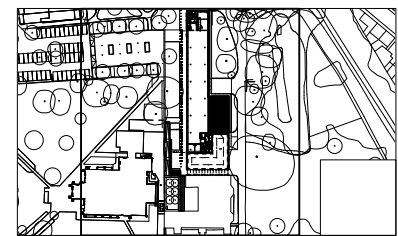
FOR INFORMATION ONLY DO NOT USE FOR CONSTRUCTION



C1	11/05/07	TS/SH	ISSUED TO MAIN CONTRACTOR FOR INFORMATION
T1	29/09/06	TS/SH	TENDER ISSUE
C	22/09/06	TS/SH	BUILDING REGULATIONS SUBMISSION ISSUE
B	28/08/06	TS/SH	ISSUE FOR BILLING
A	24/03/06	TS/SH	STAGE E ISSUE
-	30/01/06	TS/SH	PLANNING SUBMISSION ISSUE
rev	date	initials	description

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To be read in conjunction with the specification and all relevant drawings.  
Contractor to check all dimensions on site. Do not scale from this drawing.  
stanton williams to be advised of any variation between the drawings and site conditions.

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project

SALISBURY DISTRICT COUNCIL  
BOURNE HILL DEVELOPMENT

drawing title

BUILDING B  
LEVEL 02 GA  
PLAN PROPOSED

drawn	checked	approved
AM/HL/TS	TS/SH	
date	scale @ A1 (A3)	status
10/05	1:250 (1:500)	FOR INFORMATION
project number	drawing number	rev.
327	00-232	C1

Risk Matrix

Appendix F

	Continue			Modify within contract			Modify without contract			Cancel		
	Likelihood	Impact	Total	Likelihood	Impact	Total	Likelihood	Impact	Total	Likelihood	Impact	Total
Political/Reputational	5	5	25	3	3	9	5	5	25	5	5	25
Financial	5	1	5	5	3	15	5	5	25	5	5	25
Legal	1	1	1	5	5*	25	2	5	10	5	5	25
Impact on people	1	1	1	5	4	20	5	5	25	5	5	25
<b>Total</b>			<b>32</b>			<b>69</b>			<b>85</b>			<b>100</b>

**Key**

- Low 1
- Moderate 2
- Medium 3
- Significant 4
- High 5

\* in absence of LBC for modified scheme risk of criminal liability

Prepared by PN; JC and AO